

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 65th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: Chair Jeff Essmann, on March 24, 2017 at 8:00 AM, in Room 152 Capitol

ROLL CALL

Members Present:

Rep. Jeff Essmann, Chair (R)
Rep. Kelly Flynn, Vice Chair (R)
Rep. Tom Jacobson, Vice Chair (D)
Rep. Kim Abbott (D)
Rep. Becky Beard (R)
Rep. Zach Brown (D)
Rep. Mary Ann Dunwell (D)
Rep. Dave Fern (D)
Rep. Wylie Galt (R)
Rep. Jim Hamilton (D)
Rep. Adam Hertz (R)
Rep. Greg Hertz (R)
Rep. George G. Kipp III (D)
Rep. Steve Lavin (R)
Rep. James O'Hara (R)
Rep. Alan Redfield (R)
Rep. Bridget Smith (D)
Rep. Tom Welch (R)
Rep. Kerry White (R)

Members Excused:

Rep. Ron Ehli (R)

Members Absent: None

Staff Present: Margot Miltenberger, Committee Secretary
Megan Moore, Legislative Branch

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted: HB 615, 3/21/2017; HB 616, 3/21/2017
Executive Action on: HB 577; HB 578; HB 579; HB 588; HJ 18; HB 598; HB 601; HB 602; HB 605; HB 606; HB 607; HB 610; HB 614; HB 619; HB 620; HB 188

HEARING ON HB 616

Opening Statement by Sponsor:

00:01:45 Rep. Adam Hertz (R), HD 96, opened the hearing on HB 616, Special capital gains tax rate on employee-owned Montana stock.

Proponents:

00:03:37 Bridger Mahlum, Montana Chamber of Commerce (MCC)

Opponents:

00:05:17 Lee Baerlocher, Department of Revenue (DOR)

Informational Witnesses: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

00:06:37 Rep. A. Hertz

HEARING ON HB 615

Opening Statement by Sponsor:

00:07:36 Rep. Greg Hertz (R), HD 12, opened the hearing on HB 615, State reimbursement of property taxes for certain exempt tribal property.

Proponents:

00:09:54 Commissioner William Douglas Barron, Lake County, Montana Association of Counties (MACo)

00:20:07 Commissioner Gale Decker, Lake County

00:26:52 Commissioner Frank DePriest, Blaine County

00:28:08 Harold Blattie, Montana Association of Counties (MACo)

EXHIBIT(tah61a01)

00:31:44 Todd Devlin, Montana Association of Counties (MACo)

00:32:44 Ryan Rusche, Confederated Salish and Kootenai Tribes (CSKT)

Opponents:

00:38:47 Rocky Haralson, Department of Revenue (DOR)

00:42:12 Rep. Kipp III

Informational Witnesses: None

Questions from Committee Members and Responses:

00:52:35 Rep. B. Smith

00:57:14 Ryan Rusche, CSKT

00:58:38 Rep. B. Smith

00:59:31 Rocky Haralson, DOR

01:00:26 Rep. White

01:01:35 Ryan Rusche, CSKT

01:04:13 Rep. Fern

01:04:41 Rep. G. Hertz
01:05:29 Rep. Fern
01:05:46 Rep. Z. Brown
01:08:44 Rep. G. Hertz
01:08:59 Rep. Dunwell
01:12:50 Ryan Rusche, CSKT
01:13:54 Chair Essmann
01:15:55 Harold Blattie, MACo
01:19:45 Chair Essmann

Closing by Sponsor:

01:20:22 Rep. G. Hertz

01:22:10 Recessed

01:30:53 Reconvened

EXECUTIVE ACTION ON HB 577

01:31:23 **Motion:** Rep. Fern moved that **HB 577 DO PASS.**

Discussion:

01:31:36 Rep. Fern

01:33:34 **Motion:** Rep. Fern moved that **HB 577 BE AMENDED.**

EXHIBIT(tah61a02)

01:36:50 **Vote:** Motion carried 19-1 by voice vote with Rep. Redfield voting no. Rep. Ehli and Rep. G. Hertz voted by proxy.

01:37:13 **Motion:** Rep. Fern moved that **HB 577 BE AMENDED.**

EXHIBIT(tah61a03)

Discussion:

01:38:47 Megan Moore, Legislative Services Division (LSD)

01:39:27 Chair Essmann

01:39:35 Rep. Hamilton left the meeting

01:39:44 **Vote:** Motion carried 19-0 by voice vote. Rep. Ehli and Rep. G. Hertz voted by proxy.

01:40:07 **Motion:** Rep. Dunwell moved that **HB 577 BE AMENDED.**

EXHIBIT(tah61a04)

Discussion:

01:40:24 Megan Moore, LSD

01:41:17 Rep. Dunwell

01:41:58 Rep. Redfield

01:42:14 Rep. Lavin

01:42:29 Rep. Hamilton

01:42:56 Rep. Fern

01:43:13 Rep. Dunwell

01:43:39 **Motion:** Rep. Dunwell moved **AMENDMENT HB 057703.AMM BE SEGREGATED.**

01:43:42 **Motion:** Rep. Dunwell moved that **HB 577 BE AMENDED WITH POINT ONE OF SEGREGATED AMENDMENT HB057703.AMM.**

Discussion:

01:44:15 Rep. Welch

01:44:48 Rep. Dunwell

01:45:14 Rep. G. Hertz joined the meeting

01:45:56 **Vote:** Motion failed 9-11 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Essmann, Rep. Fern, Rep. Hamilton, Rep. Jacobson, Rep. Kipp and Rep. B. Smith voting aye. Rep. Ehli voted by proxy.

01:47:39 Without objection, Rep. Dunwell withdrew the **BE AMENDED** motion.

01:47:45 **Motion:** Rep. Dunwell moved that **HB 577 BE AMENDED.**
EXHIBIT(tah61a05)

Discussion:

01:48:02 Megan Moore, LSD

01:48:42 Rep. Dunwell

01:48:59 Rep. Fern

01:49:41 Chair Essmann

01:50:06 Rep. Fern

01:50:26 Rep. Hamilton

01:51:07 **Vote:** Motion failed 8-12 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Hamilton, Rep. Jacobson, Rep. Kipp and Rep. B. Smith voting aye. Rep. Ehli voted by proxy.

01:52:25 **Motion:** Rep. Lavin moved that **HB 577 BE AMENDED.**
EXHIBIT(tah61a06)

Discussion:

01:52:46 Rep. Lavin

01:53:03 Rep. Fern

01:53:08 Rep. Z. Brown

01:53:48 Rep. Hamilton

01:54:32 Rep. Jacobson

01:55:05 **Vote:** Motion carried 16-4 by roll call vote with Rep. Abbott, Rep. Jacobson, Rep. Kipp and Rep. Redfield voting no. Rep. Ehli voted by proxy.

01:56:48 **Motion:** Rep. Fern moved that **HB 577 BE AMENDED.**
EXHIBIT(tah61a07)

01:57:52 **Vote:** Motion carried 17-3 by voice vote with Rep. Galt, Rep. Redfield and Rep. White voting no. Rep. Ehli voted by proxy.

01:58:15 **Motion:** Rep. Fern moved that **HB 577 BE AMENDED.**
EXHIBIT(tah61a08)

Discussion:

01:58:40 Rep. Fern

01:59:18 **Vote:** Motion carried 19-1 by voice vote with Rep. White voting no. Rep. Ehli voted by proxy.

01:59:47 **Motion:** Rep. Fern moved that **HB 577 DO PASS AS AMENDED.**

Discussion:

01:59:56 Rep. Fern
02:02:11 Rep. White
02:02:54 Rep. Dunwell
02:04:07 Rep. Fern
02:05:09 Rep. A. Hertz
02:06:35 Rep. Abbott
02:07:13 Rep. Jacobson
02:08:39 Rep. Hamilton
02:09:00 Rep. Fern
02:10:08 Rep. Hamilton
02:12:01 Rep. Welch
02:12:50 Chair Essmann

02:15:03 **Vote:** Motion failed 8-12 by roll call vote with Rep. Beard, Rep. Dunwell, Rep. Essmann, Rep. Fern, Rep. Hamilton, Rep. Kipp, Rep. Lavin and Rep. B. Smith voting aye. Rep. Ehli voted by proxy.

02:16:21 **Motion:** Rep. Flynn moved that **HB 577 BE TABLED AND THE VOTE REVERSED.** Motion was without objection.

EXECUTIVE ACTION ON HB 578

02:16:34 **Motion:** Rep. Galt moved that **HB 578 DO PASS.**

02:17:04 **Motion:** Rep. Galt moved that **HB 578 BE AMENDED.**
EXHIBIT(tah61a09)

Discussion:

02:17:14 Rep. Galt
02:17:26 Rep. Z. Brown
02:17:39 Rep. Welch

02:18:17 **Vote:** Motion carried 18-2 by voice vote with Rep. Jacobson and Rep. Welch voting no. Rep. Ehli voted by proxy.

02:18:46 **Motion:** Rep. Galt moved that **HB 578 BE AMENDED.**
[EXHIBIT](#)(tah61a10)

02:19:17 **Vote:** Motion carried 19-1 by voice vote with Rep. Jacobson voting no. Rep. Ehli voted by proxy.

02:19:44 **Motion:** Rep. Galt moved that **HB 578 BE AMENDED.**
[EXHIBIT](#)(tah61a11)

02:19:59 **Vote:** Motion carried 19-1 by voice vote with Rep. Kipp voting no. Rep. Ehli voted by proxy.

02:20:22 **Motion:** Rep. Galt moved that **HB 578 BE AMENDED.**
[EXHIBIT](#)(tah61a12)

02:20:47 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

02:21:14 **Motion:** Rep. Galt moved that **HB 578 BE AMENDED.**
[EXHIBIT](#)(tah61a13)

02:21:29 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

02:21:55 **Motion:** Rep. Galt moved that **HB 578 DO PASS AS AMENDED.**

Discussion:

02:22:11 Rep. Jacobson
02:23:08 Rep. White
02:23:57 Rep. Lavin
02:25:33 Rep. Kipp III
02:27:59 Rep. Hamilton
02:29:21 Rep. Galt

02:31:15 **Vote:** Motion carried 11-9 by roll call vote with Rep. Abbott, Rep. Beard, Rep. Dunwell, Rep. Essmann, Rep. Fern, Rep. Flynn, Rep. Hamilton, Rep. Jacobson and Rep. Welch voting no. Rep. Ehli and Rep. Redfield voted by proxy.

EXECUTIVE ACTION ON HB 579

02:32:46 **Motion:** Rep. G. Hertz moved that **HB 579 DO PASS.**

Discussion:

02:32:55 Rep. G. Hertz

02:34:30 **Motion:** Rep. G. Hertz moved that **HB 579 BE AMENDED.**
[EXHIBIT](#)(tah61a14)

Discussion:

02:35:13 Chair Essmann

02:35:23 Rep. G. Hertz

02:35:47 **Vote:** Motion carried 17-3 by voice vote with Rep. Z. Brown, Rep. Dunwell and Rep. Jacobson voting no. Rep. Ehli voted by proxy.

02:36:16 **Motion:** Rep. G. Hertz moved that **HB 579 DO PASS AS AMENDED.**

02:36:23 **Motion:** Rep. G. Hertz moved that **HB 579 BE CONCEPTUALLY AMENDED ON PAGE 12 TO MOVE THE ELECTION TO THE GENERAL ELECTION HELD IN NOVEMBER 2018 INSTEAD OF THE PRIMARY.**

02:36:34 **Vote:** Motion carried 17-3 by voice vote with Rep. Z. Brown, Rep. Dunwell and Rep. Jacobson voting no. Rep. Ehli voted by proxy.

Discussion:

02:36:53 Chair Essmann

02:37:45 **Substitute Motion/Vote:** Rep. Z. Brown made a substitute motion that **HB 579 BE TABLED.** Substitute Motion carried 18-2 by roll call vote with Rep. G. Hertz and Rep. Kipp voting no. Rep. Ehli voted by proxy.

EXECUTIVE ACTION ON HB 588

02:39:42 **Motion/Vote:** Rep. A. Hertz moved that **HB 588 BE TABLED.** Motion carried 18-2 by voice vote with Rep. Dunwell and Rep. G. Hertz voting no. Rep. Ehli voted by proxy.

EXECUTIVE ACTION ON HJ 18

02:40:30 **Motion:** Rep. A. Hertz moved that **HJ 18 DO PASS.**

02:41:12 **Motion:** Rep. A. Hertz moved that **HJ 18 BE AMENDED.**
[EXHIBIT](#)(tah61a15)

Discussion:

02:41:36 Rep. White

02:42:03 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

02:42:22 **Motion:** Rep. A. Hertz moved that **HJ 18 DO PASS AS AMENDED.**

02:42:29 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

EXECUTIVE ACTION ON HB 598

02:42:51 **Motion:** Rep. Hamilton moved that **HB 598 DO PASS.**

Discussion:

02:43:01 Rep. Hamilton
02:43:28 Rep. Redfield
02:44:12 Rep. Z. Brown
02:44:32 Rep. Redfield
02:44:37 Rep. Z. Brown
02:44:42 Rep. Redfield
02:44:45 Rep. White
02:45:04 Rep. Abbott
02:45:51 Chair Essmann
02:47:24 Rep. G. Hertz

02:48:17 **Motion:** Rep. Hamilton moved that **HB 598 BE CONCEPTUALLY AMENDED TO SCRATCH "WITH ADJUSTED GROSS INCOME OF LESS THAN ONE MILLION" IN THE FIRST SENTENCE OF SECTION ONE.**

Discussion:

02:49:39 Rep. White
02:49:44 Chair Essmann
02:50:00 Rep. Beard
02:50:19 Chair Essmann **RULES CONCEPTUAL AMENDMENT OUT OF ORDER.**

02:50:46 **Vote:** Motion failed 8-12 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Hamilton, Rep. Jacobson, Rep. Kipp and Rep. B. Smith voting aye. Rep. Ehli voted by proxy.

02:51:52 **Motion:** Rep. Flynn moved that **HB 598 BE TABLED AND THE VOTE REVERSED.** Motion was without objection.

EXECUTIVE ACTION ON HB 601

02:52:08 **Motion:** Rep. A. Hertz moved that **HB 601 DO PASS.**

Discussion:

02:52:54 Rep. A. Hertz

02:53:39 **Motion:** Rep. A. Hertz moved that **HB 601 BE AMENDED.**
[EXHIBIT\(tah61a16\)](#)

02:53:47 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

Discussion:

02:54:04 Rep. Flynn

02:54:49 **Substitute Motion/Vote:** Rep. Flynn made a substitute motion that **HB 601 BE TABLED.** Substitute Motion carried 14-6 by voice vote with Rep. Galt, Rep. A. Hertz, Rep. G. Hertz, Rep. Lavin, Rep. Redfield and Rep. White voting no. Rep. Ehli voted by proxy.

EXECUTIVE ACTION ON HB 602

02:55:33 **Motion:** Rep. B. Smith moved that **HB 602 DO PASS.**
EXHIBIT(tah61a17)

Discussion:

02:56:26 Rep. B. Smith
EXHIBIT(tah61a18)

02:58:03 Rep. Redfield
02:58:32 Chair Essmann
02:58:55 Rep. Fern
03:00:02 Rep. Kipp III
03:01:11 Rep. Jacobson

03:02:10 **Vote:** Motion failed 9-11 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Hamilton, Rep. Jacobson, Rep. Kipp, Rep. B. Smith and Rep. White voting aye. Rep. Ehli voted by proxy.

03:03:23 **Motion:** Rep. Flynn moved that **HB 602 BE TABLED AND THE VOTE REVERSED.** Motion was without objection.

EXECUTIVE ACTION ON HB 605

03:03:37 **Motion:** Rep. G. Hertz moved that **HB 605 DO PASS.**
EXHIBIT(tah61a19)

03:03:42 **Motion:** Rep. G. Hertz moved that **HB 605 BE CONCEPTUALLY AMENDED ON PAGE SIX TO CHANGE THE APPLICABILITY DATE TO DECEMBER 31, 2018, AND THE TERMINATION DATE TO DECEMBER 31, 2024.**

Discussion:

03:05:43 Megan Moore, LSD

03:06:27 Without objection, Rep. G. Hertz withdrew the **BE AMENDED** motion.

03:06:29 **Motion:** Rep. G. Hertz moved that **HB 605 BE CONCEPTUALLY AMENDED ON LINE SIX TO MOVE THE EFFECTIVE DATE TO AFTER DECEMBER 31, 2018.**

Discussion:

03:06:57 Chair Essmann

03:07:18 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

03:07:36 **Motion:** Rep. G. Hertz moved that **HB 605 DO PASS AS AMENDED.**

Discussion:

03:07:42 Rep. Z. Brown
03:07:51 Rep. G. Hertz
03:08:12 Rep. Hamilton
03:08:37 Rep. G. Hertz
03:09:03 Rep. Hamilton
03:09:16 Rep. G. Hertz
03:09:55 Rep. Kipp III
03:11:43 Rep. Flynn

03:12:03 **Vote:** Motion carried 16-4 by voice vote with Rep. Abbott, Rep. Z. Brown, Rep. Jacobson and Rep. B. Smith voting no. Rep. Ehli voted by proxy.

EXECUTIVE ACTION ON HB 606

03:12:49 **Motion/Vote:** Rep. Essmann moved that **HB 606 BE TABLED**. Motion carried unanimously by voice vote. Rep. Ehli voted by proxy.

03:13:12 Rep. G. Hertz left the meeting

EXECUTIVE ACTION ON HB 607

03:13:24 **Motion:** Rep. B. Smith moved that **HB 607 DO PASS**.

03:13:37 **Substitute Motion/Vote:** Rep. White made a substitute motion that **HB 607 BE TABLED**. Substitute Motion carried 12-8 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Hamilton, Rep. Jacobson, Rep. Kipp and Rep. B. Smith voting no. Rep. Ehli and Rep. G. Hertz voted by proxy.

EXECUTIVE ACTION ON HB 610

03:15:21 **Motion:** Rep. Abbott moved that **HB 610 DO PASS**.

03:15:35 **Motion:** Rep. Abbott moved that **HB 610 BE AMENDED**.
[EXHIBIT\(tah61a20\)](#)

03:15:52 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli and Rep. G. Hertz voted by proxy.

03:16:21 **Motion:** Rep. Abbott moved that **HB 610 DO PASS AS AMENDED**.

Discussion:

03:16:27 Rep. Abbott
03:17:04 Rep. Redfield
03:17:55 Rep. Hamilton
03:18:14 Rep. Redfield
03:18:24 Rep. Hamilton
03:18:40 Rep. Abbott
03:19:30 Rep. Hamilton
03:20:12 Chair Essmann

03:21:11 **Vote:** Motion failed 8-12 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Hamilton, Rep. Jacobson, Rep. Kipp and Rep. B. Smith voting aye. Rep. Ehli and Rep. G. Hertz voted by proxy.

03:22:22 **Motion:** Rep. Flynn moved that **HB 610 BE TABLED AND THE VOTE REVERSED**. Motion was without objection.

EXECUTIVE ACTION ON HB 614

03:22:43 **Motion:** Rep. Flynn moved that **HB 614 DO PASS**.

Discussion:

03:22:56 Megan Moore, LSD

03:23:34 **Motion:** Rep. Flynn moved that **HB 614 BE AMENDED**.
[EXHIBIT\(tah61a21\)](#)

Discussion:

03:24:04 Rep. White

03:24:19 **Vote:** Motion carried unanimously by voice vote. Rep. Ehli and Rep. G. Hertz voted by proxy.

03:24:48 **Motion:** Rep. Flynn moved that **HB 614 DO PASS AS AMENDED**.

03:25:00 **Motion:** Rep. Fern moved that **HB 614 BE AMENDED**.
[EXHIBIT\(tah61a22\)](#)

Discussion:

03:25:37 Chair Essmann

03:26:02 Rep. Fern

03:27:45 Rep. Dunwell

03:28:01 Megan Moore, LSD

03:28:26 Rep. Welch

03:28:40 Rep. Fern

03:28:45 **Vote:** Motion failed 7-13 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Hamilton, Rep. Jacobson and Rep. B. Smith voting aye. Rep. Ehli and Rep. G. Hertz voted by proxy.

Discussion:

03:30:10 Rep. Redfield

03:30:52 Rep. Jacobson

03:31:21 Rep. Fern

03:31:46 Rep. Z. Brown

03:32:14 Rep. Hamilton

03:34:05 Rep. Beard

03:34:49 Rep. A. Hertz

03:35:09 Rep. Dunwell

03:35:41 Rep. Flynn

03:36:36 **Vote:** Motion carried 17-3 by roll call vote with Rep. Abbott, Rep. Dunwell and Rep. Hamilton voting no. Rep. Ehli and Rep. G. Hertz voted by proxy.

EXECUTIVE ACTION ON HB 619

03:37:57 **Motion/Vote:** Rep. Flynn moved that **HB 619 BE TABLED**. Motion carried unanimously by voice vote. Rep. Ehli and Rep. G. Hertz voted by proxy.

EXECUTIVE ACTION ON HB 620

03:38:35 **Motion:** Rep. White moved that **HB 620 DO PASS**.

Discussion:

00:38:44 Rep. White
03:40:44 Chair Essmann
03:40:55 Rep. Jacobson
03:41:51 Rep. Flynn
03:43:05 Rep. Z. Brown
03:43:38 Rep. Hamilton
03:44:26 Chair Essmann
03:45:44 Rep. Beard
03:47:16 Rep. Jacobson

03:48:06 **Vote:** Motion failed 10-10 by roll call vote with Rep. Ehli, Rep. Essmann, Rep. Flynn, Rep. Galt, Rep. Lavin, Rep. O'Hara, Rep. Redfield, Rep. B. Smith, Rep. Welch and Rep. White voting aye. Rep. Ehli and Rep. G. Hertz voted by proxy.

03:49:20 **Substitute Motion/Vote:** Rep. Flynn made a substitute motion that **HB 620 BE TABLED**. Substitute Motion carried 17-3 by voice vote with Rep. Lavin, Rep. B. Smith and Rep. White voting no. Rep. Ehli and Rep. G. Hertz voted by proxy.

EXECUTIVE ACTION ON HB 188

03:50:04 **Motion:** Rep. Hamilton moved to **RECONSIDER ACTION** on **HB 188**.
[EXHIBIT](#)(tah61a23)

Discussion:

03:51:35 Rep. Hamilton
03:55:45 Chair Essmann

03:56:49 **Vote:** Motion failed 9-11 by roll call vote with Rep. Abbott, Rep. Z. Brown, Rep. Dunwell, Rep. Fern, Rep. Galt, Rep. Hamilton, Rep. Jacobson, Rep. Kipp and Rep. B. Smith voting aye. Rep. Ehli, Rep. G. Hertz and Rep. White voted by proxy.

ADJOURNMENT

Adjournment: 03:59:37

Margot Miltenberger, Secretary

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Additional Documents:

EXHIBIT([tah61aad.pdf](#))